

TOURISM INTELLIGENCE CORNER

It's no secret that Destination Marketing Organizations and National Tourism Organizations in the Caribbean are scrambling their destination's resources to address the growing competition from other regions in the world, including Asia, the Middle-East and Latin America. Obviously, Caribbean tourism destinations face considerable marketing challenges as their traditional 'sea, sun, sand, sex, scotch' products face extinction and global obliteration.

Many classical Caribbean brands have indeed drifted into commodification. In fact, destinations have propelled their products towards unsustainable commodities, and it is questionable if expanding inventory and infrastructure are responsible strategies towards sustainable competitiveness.

However, beyond the confines of room inventory, desperate sales pitches, and 'value-added' marketing campaigns, we find the murky waters of government tourism expenditures and public tourism marketing investments. While industry entrepreneurs may be catalysts for stimulating tourism development, rarely are tourism destinations competitive without diligent tourism governance.

Governments have traditionally been responsible for the development of tourism infrastructures that enable and support the tourism and hospitality business. With over 30,000 new rooms under construction, and transportation facilities and infrastructure services being expanded, governments are seeking to safeguard their position.

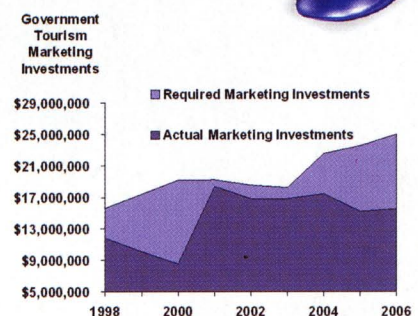
Nonetheless, governments and investors have eagerly focused on building tourism and expanding supply, almost to the exclusion of creating and sustaining tourism demand. Consequently, they have failed to strategically align the quality of tourism supply with the agility of tourism demand.

	Destination Marketing Expenditure (% Tourism Expenditure)	Destination Marketing Expenditure / Available Room
Antigua-Barbuda	2.0 %	\$ 2136
Aruba	2.1 %	\$ 2290
Bahamas	2.4 %	\$ 2967
Barbados	2.8 %	\$ 3699
Bermuda	4.1 %	\$ 5142
Cayman Islands	3.1 %	\$ 3120
Jamaica	2.3 %	\$ 2242
Puerto Rico	2.3 %	\$ 3066
St. Lucia	2.2 %	\$ 2333

Research indicates that Caribbean destinations and public tourism agencies, including government tourism organizations, have systematically and structurally under-invested in tourism demand management and tourism destination marketing.

On average, public destination marketing expenditures in the Caribbean account for less than 2.5% of destination tourism expenditures, with numbers ranging from 1% to 4%. The UNWTO suggests a 3% to 3.5% benchmark as a guiding principle for small-island government tourism marketing investments. If applied to the Caribbean, it would yield an estimate \$1.2 billion underinvestment in destination tourism marketing.

For Aruba, the results echo a similar tune: a structural under-investment of over \$40 million in destination marketing over the past seven years. On average, this equals an annual deficit of \$6 million in destination marketing investments.



With global competition rearing its head, the regional brand losing its value, local economic productivity declining, and moreover, with the expansion of room inventory, one has to seriously reconsider the validity and integrity of (deficient) destination tourism marketing investments.

While governments, investors, and developers may have become 'Masters of Supply', we have yet to encounter the 'Wizards of Demand'. If good management starts with good measurement, then good governance should start with the integrity and intelligence of management.

**Dr. Ryan R. Peterson is an Aruban native of San Nicolas and father of two sons. He holds different academic degrees and doctorates in the areas of business, technology, governance and economics. Previous to his current position as Dean of Hospitality & Tourism Management Studies at the University of Aruba, he was Professor of Strategic Management, and Director of Research & Development at the Institute for Technology & Innovation in Europe. His portfolio spans over fifteen years as international business researcher and strategic advisor for different multinationals and tourism-related destinations, and includes over fifty publications in international academic and business press. Dr. Peterson is a 'specialized generalist' in the area of designing and developing high-performance systems at both micro and macro levels. His current work focuses on strategic governance and sustainable competitiveness of enterprises and destinations in dynamic knowledge economies.*